### Financial Statements and Supplemental Information For the Year Ended June 30, 2008



Financial Statements and Supplemental Information

For the Year Ended June 30, 2008

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#### **Independent Auditors' Report**

Members of the Grand Rapids
Brownfield Redevelopment Authority
Grand Rapids, Michigan

We have audited the accompanying financial statements of the Grand Rapids Brownfield Redevelopment Authority (the Authority), a component unit of the City of Grand Rapids, as of and for the year ended June 30, 2008. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the Authority's 2007 financial statements and, in our report dated November 2, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Grand Rapids Brownfield Redevelopment Authority at June 30, 2008, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of projects is presented for purposes of additional analysis and is not a required part of the basic financial statements of Grand Rapids Brownfield Redevelopment Authority. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, therefore, we express no opinion on it.

Grand Rapids, Michigan December 1, 2008

BDO Serdman, LLP

#### **Management's Discussion and Analysis**

This section of the Grand Rapids Brownfield Redevelopment Authority's (the Authority) financial report presents a discussion and analysis of the Authority's financial performance for the fiscal year ended June 30, 2008. This discussion has been prepared by management along with the financial statements and related footnote disclosures and should be read in conjunction with, and is qualified in its entirety by, the financial statements and footnotes.

#### **Purpose of the Authority**

The purpose of the Authority is to identify and encourage the rehabilitation and redevelopment of qualified environmentally distressed or functionally obsolete properties within the City of Grand Rapids. Authority activities are financed from project application fees and from administrative cost allowances attached to tax increment revenue reimbursement agreements approved by the Authority, the Grand Rapids City Commission and the State of Michigan. Approved projects are listed in the Schedule of Projects following the Notes to Financial Statements.

#### **Using the Financial Report**

This financial report consists of two financial statements that focus on the financial condition of the Authority and the results of its operations as a whole.

One of the most important questions asked about governmental finances is whether the Authority as a whole is better off or worse off as a result of the year's activities. The keys to understanding this question are the Statement of Net Assets and the Statement of Activities.

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The Statement of Net Assets includes all of the Authority's assets and liabilities. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when services are provided and expenses and liabilities are recognized when others provide services, regardless of when cash is exchanged. The following is a summary for the years ended June 30, 2008 and 2007.

Statement of Net Assets

Fiscal Year 2008	Fiscal Year 2007	% Change
\$ 857,393	\$ 590,985	45.08
\$ 714,930	\$ 478,767	49.33
4,671		100.00
719,601	478,767	50.30
	\$ 857,393 \$ 714,930 4,671	2008 2007 \$ 857,393 \$ 590,985 \$ 714,930 \$ 478,767 4,671 -

137,792

\$ 857,393

112,218

\$ 590,985

22.79

45.08

#### **Current Assets**

#### Equity in Pooled Cash and Investments

**Total Liabilities and Net Assets** 

Restricted for authorized projects

The City of Grand Rapids maintains an investment pool for most City funds and component units. The Authority's \$851,740 portion of the investment pool is displayed on the Statement of Net Assets as "equity in pooled cash and investments." The Authority's cash balance on June 30, 2008 was higher than the balance on June 30, 2007 due to a significant increase in the number of projects for which property tax increment revenues were captured in fiscal year 2008, and also for which many of the tax increment reimbursements for those developments were accrued but not paid.

#### **Current Liabilities**

#### Accounts Payable and Compensated Absences

The accounts payable year-end balance of \$310,120 consists mainly of four developer reimbursement requests that had already reached the voucher stage on June 30, 2008. Accounts payable also includes a small amount for supplies and services related to fiscal year 2008 projects but paid for in the following fiscal year. Accounts payable increased by \$309,494 in

fiscal year 2008 compared to fiscal year 2007. Compensated absences decreased by \$8,093 due to the retirement of a long-term employee whose compensation was partially supported by the Authority.

#### Due to Project Recipients

There was a decrease in the amount due to project recipients from June 30, 2007 to June 30, 2008. This is because on June 30, 2007, there were fifteen tax increment revenue reimbursements due to project developers and accrued. On June 30, 2008, there were eleven reimbursements due to project developers and accrued, and one due to other governments and accrued. In addition, as described in the paragraph above, reimbursements for four developers had already reached the voucher stage by June 30, 2008 and are accounted for in "Accounts Payable." Had the \$308,966 amount in accounts payable been included in "due to project recipients," the fiscal year 2008 balance would have been significantly higher for fiscal year 2007. See Note 4 for more information.

Statement o	f Activities
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	Fiscal Year 2008	Fiscal Year 2007	% Change
Revenues			
Property taxes	\$ 666,505	\$ 508,196	31.15
Other	91,514	61,976	47.66
Total revenues	758,019	570,172	32.95
Expenses			
Brownfield remediation	608,654	425,863	42.92
Urban development	123,791	101,190	22.34
Total expenses	732,445	527,053	38.97
Change in net assets	25,574	43,119	(40.69)
Net Assets, beginning of year	112,218	69,099	62.40
Net Assets, end of year	\$ 137,792	\$ 112,218	22.79

The Statement of Activities (above) presents the revenues earned and the expenses incurred during the fiscal years presented.

#### Revenues

#### **Property Taxes**

The Authority's revenues are generated primarily through the use of tax increment financing in which the Authority captures ad valorem property tax and industrial facility tax revenues attributable to increases in the value of real and personal property within each individual brownfield remediation plan boundary. In accordance with redevelopment plan agreements between the Authority and the project developers, a share of those incremental tax revenues is annually reimbursed to each of the developers to partially support the qualified remediation and redevelopment expenditures for those projects. The increase in property tax revenue from fiscal year 2007 to 2008 is due to the increase in the number of brownfield projects with reimbursement agreements, and the increase in property values of the projects.

#### Other

Other revenues come from brownfield plan amendment application processing fees and from interest earned when Authority funds are invested by the City Treasurer.

#### **Expenses**

#### Brownfield Remediation

Expenses for brownfield remediation are related to redevelopment plan agreements between the Authority and project developers. These agreements specify that a share of property tax increment revenue related to taxable value increases resulting from approved remediation and redevelopment projects shall annually be reimbursed, plus interest in some cases, to each of the developers to partially support the qualified remediation expenses for that project. The share of property tax increment revenue increases not reimbursed to the developers is used to support the Authority's general administration costs in a combined amount not to exceed amounts specified in the Authority's enabling statute. The fiscal year 2008 increase in the amount reimbursed to developers compared to fiscal year 2007 is due somewhat to increases in the taxable value of property included in the brownfield plans, but mostly to the increase in the number of development projects.

#### **Urban Development**

In addition to reimbursements to project developers, the Authority incurs project and administration costs including staff support, supplies, legal and auditing services, public notices and application fees. The increase in fiscal year 2008 urban development expenses is primarily related to administrative costs associated with a Michigan Department of Environmental Quality Site Assessment Grant (\$23,800).

#### **Overall Financial Position**

Management believes the Authority is in good condition financially. Current tax increment and other revenues are adequate to cover existing project reimbursement agreements as well as the development of future projects.

### **Financial Statements**

### Statement of Net Assets and Governmental Fund Balance Sheet

		2008		
June 30,	Governmental Adjustments Fund (Note 3)		Statement of Net Assets	Statement of Net Assets 2007
Assets				
Equity in pooled cash and investments	\$ 851,740	\$ -	\$ 851,740	\$ 590,985
Interest receivable	3,116	-	3,116	-
Due from primary government	-	2,537	2,537	
Total Assets	\$ 854,856	-	857,393	590,985
Liabilities				
Accounts payable	\$ 310,120	-	310,120	626
Compensated absences	-	4,658	4,658	12,751
Net OPEB obligation	-	4,671	4,671	-
Due to project recipients (Note 4)	346,331	-	346,331	465,390
Due to other governments	53,821	-	53,821	-
Total liabilities	710,272	4,658	719,601	478,767
Fund Balance				
Reserved for authorized projects	144,584	(144,584)	-	_
Total Liabilities and Fund Balance	\$ 854,856			
Net Assets				
Restricted for authorized projects		137,792	137,792	112,218
Total Net Assets		\$ 137,792	\$ 137,792	\$ 112,218

See accompanying notes to financial statements.

### Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance

		2008			
			- C	Statement	
	Governmental	Adjustments	Statement of	of Activities	
Year ended June 30,	Fund	(Note 3)	Activities	2007	
,		, ,			
Revenues					
Property taxes (Note 2)	\$ 666,505	\$ -	\$ 666,505	\$ 508,196	
Investment earnings	41,514	-	41,514	25,476	
Fee income	50,000	-	50,000	36,500	
Total revenues	758,019	-	758,019	570,172	
				_	
Expenditures/Expenses	500 5 <b>7</b> 4		-00 - <del>-</del> 1	107.050	
Brownfield remediation	608,654	(5.050)	608,654	425,863	
Urban development	129,750	(5,959)	123,791	101,190	
Total expenditures/expenses	738,404	(5,959)	732,445	527,053	
Excess of revenues over					
expenditures/expenses	19,615	5,959	25,574	43,119	
expenditures/expenses	17,013	3,737	23,374	43,117	
Net change in fund balance	19,615	(19,615)	-	-	
Change in net assets	-	25,574	25,574	43,119	
Fund Balance/Net Assets,					
beginning of year	124,969	-	112,218	69,099	
T. ID.I. Att. A					
Fund Balance/Net Assets, end of year	\$ 144,584	\$ -	\$ 137,792	\$ 112,218	
J	Ŧ <b>,</b>	1	,	,,-10	

See accompanying notes to financial statements.

#### **Notes to Financial Statements**

#### 1. Reporting Entity

The Grand Rapids Brownfield Redevelopment Authority (the Authority), a component unit of the City of Grand Rapids, Michigan (the City), was created by the City under the provisions of State of Michigan Public Act 381 of 1996, as amended. The purpose of the Authority is to promote the revitalization of environmentally distressed areas and/or functionally obsolete properties within the boundaries of the City.

#### 2. Summary of Significant Accounting Policies

#### Basis of Presentation

The statement of net assets/balance sheet and the statement of activities/revenues, expenditures and changes in fund balance report information on the activities of the Authority. The adjustments column is used to reflect the conversion from the balance sheet to the statement of net assets and the conversion of revenues, expenditures and changes in fund balance to the statement of activities.

#### Measurement Focus and Basis of Accounting

The Authority uses the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period. The Authority considers revenues available if collected within 60 days after year-end; however, property tax increment revenues are recognized as revenues in the fiscal year for which they were levied. Expenditures are generally recognized when the related fund liability is incurred.

However, the statement of net assets and the statement of activities are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property tax increment revenues are recognized as revenues in the year for which they are levied.

#### **Prior Year Columns**

The columns labeled Statement of Net Assets 2007 and Statement of Activities 2007 are presented for informational purposes only. These statements do not include the Governmental Fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balance for 2007, which are necessary for a complete presentation in accordance with generally accepted accounting principles.

#### **Notes to Financial Statements**

#### Budget

The Grand Rapids City Commission annually approves the Authority's budget after the Authority Board Members review and recommend it for adoption. The budget for the Authority is a project budget rather than an annual budget. Therefore, budget to actual information has not been reflected in the financial statements.

#### Cash and Investments

The City maintains an investment pool for most City funds and component units. The Authority's portion of the investment pool is displayed on the statement of net assets/balance sheet as equity in pooled cash and investments. Investments consist primarily of certificates of deposit with original maturities of greater than three months at the date of purchase, mutual funds and commercial paper. Investments are carried at fair value. State statutes require that certificates of deposit be maintained in financial institutions with offices in the State of Michigan. Interest income earned as a result of cash and investment pooling is distributed to the appropriate funds.

Investment policies and categorization of cash and investments are included in the Comprehensive Annual Financial Report of the City to give an indication of the level of risk assumed by the City at year-end. It is not feasible to allocate the level of risk to the various component units of the City.

#### **Property Taxes**

The majority of the Authority's revenues are generated through tax increment financing. Summer taxes are levied by the City on July 1 and attach as an enforceable lien at that time. Summer taxes are due without penalty on or before July 31. Winter taxes are levied on December 1 and attach as an enforceable lien at that time. Winter taxes are due without penalty on or before February 14.

#### Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through legislation or other external restrictions.

#### **Notes to Financial Statements**

#### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### 3. Reconciliation of Government-Wide and Fund Financial Statements

Amounts reported in the Statement of Net Assets and the Statement of Activities are different from amounts reported in the governmental fund because of the following:

Governmental fund total fund balances	\$	144,584
Long-term assets that are not available to pay for current period expenditures are not reported in the governmental funds.  Due from primary government		2,537
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental fund balance sheet.		
Compensated absences Net OPEB obligation		(4,658) (4,671)
Government-Wide Net Assets	\$	137,792
Net change in fund balances - governmental funds	\$	19,615
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		8,093
Unfunded OPEB obligation		(2,134)
Change in Net Assets of Governmental Activities	Φ	25,574

#### **Notes to Financial Statements**

#### 4. Due to Project Recipients

Project Name	Initial Year	FY 2008 Project- Related Tax Increment Revenue	FY 2008 Total Project Tax Increment Reimbursement	FY 2008 Tax Increment Reimbursement Paid to Developer
Lahmatan Casa Cala Battling Craye	2000	¢ 105 455	\$ 94.910	\$ 94.910
Johnston Coca Cola Bottling Group	2000	\$ 105,455		+
Benteler Automotive Corp Custer Office Environments et al <sup>1</sup>	2003	24,410	17,087	17,087
	2003	43,082	34,466	102.740
Mercantile Bank Real Estate Co LLC	2003	154,677	123,742	123,742
1234 Michigan LLC	2004	11,299	9,039	-
Irish Twins LLC	2004	1 740	1 5 6 7	-
Martineau Ltd Dividend Housing Assoc	2004	1,740	1,567	-
Michigan Street Development LLC	2004	189,582	189,582	72 227
Mid Towne Village LLC	2004	81,363	73,227	73,227
Parkland Investments Inc <sup>2</sup>	2004	-	- - 47	-
2 East Fulton LLC	2005	608	547	-
33 Library LLC/Fitzgerald Investors LLC		41,196	37,076	-
Bicycle Factory LLC	2005	279	251	-
Fairmont Square Investors LLC	2005	- 7.00	-	-
Fulton and Division LLC	2005	6,760	6,084	-
Icon on Bond II LLC	2005	1,688	1,688	-
Moch International LLC	2005	635	572	-
BSG Group LLC	2008	2,802	2,522	-
Infinity Companies LLC	2008	929	883	
Total		\$ 666,505		\$ 308,966
Unpaid FY 2006 reimbursements Unpaid FY 2007 reimbursements Paid FY 2008 reimbursements			4,833 111,042 (308,966)	
Due to Project Recipients and DDA			\$ 400,152	

Note 1: This developer has been reimbursed in full for its brownfield eligible costs. However, as part of the agreement the Authority has with Custer Office Environments (Custer) and the City of Grand Rapids, certain infrastructure improvements have been made adjacent to the re-development project and are eligible for reimbursement from the tax increment revenues associated with the project. These improvements were paid for with Grand Rapids Downtown Development Authority (DDA) funds. Total eligible costs for the improvements were \$330,000. Once these expenditures are fully reimbursed, with interest, to the DDA by the Authority, future tax increment revenues will be deposited into a "revolving fund" for future brownfield projects.

Note 2: This property is eligible for property tax, Michigan Business Tax and Grand Rapids Income Tax exemptions under Michigan Public Act 376 of 1996, as amended, also known as the Michigan Renaissance Zone Act. These exemptions begin to expire in 2009.

## **Supplemental Information**

### Schedule of Projects (Unaudited)

The following is a list of projects approved by the Authority as of June 30, 2008:

Approval Date	Grantee	Property Address	Investment Amount
<b>12/22/1998</b> 12/22/1998	Johnston Coca-Cola Bottling 56 Grandville LLC	<b>1440 Butterworth SW</b> 56 Grandville SW	<b>\$ 5,000,000</b> 6,000,000
05/11/1999 06/22/1999	J&R Land LLC GR Chair Co.	855 Godfrey SW 625 Chestnut SW	800,000 350,000
09/14/1999 02/06/2001	OAK Co. CRC Paulstra	801 Century SW 460 Fuller NE	400,000
02/06/2001	Leonard/Monroe LLC	1140 Monroe NW	3,400,000 3,700,000
07/10/2001	Franklin Kids LLC	801 Oakland SW	10,100,000
10/23/2001	70 Ionia LLC	70 Ionia SW	4,300,000
01/22/2002	601 Prop LLC	601 5 <sup>th</sup> St. NW	4,000,000
03/26/2002	Lorett LLC	1562 Kalamazoo SE	850,000
05/28/2002	Huizen's LLC	124-38 Ionia SW	450,000
06/22/2002	American Seating Pk LLC	801 Broadway NW	25,300,000
10/08/2002	71 S. Division LLC	71 S. Division	1,500,000
11/05/2002	Rockford Dev LLC	38 Oakes, 100 Ionia et al	4,500,000
04/22/2003	Windows Ventures	2120 Oak Industrial NE	2,400,000
05/13/2003	Pinnacle Ventures	1010 Front Ave NW	450,000
08/19/2003	Haviland Products	525 Ann St NW	2,450,000
08/19/2003	Integra Printing	2000 Oak Industrial NE	8,500,000
10/14/2003	Mercantile Bank Real Estate Co	310 Leonard NW	11,000,000
12/16/2003	First Ward LLC	47 Commerce SW	2,000,000
12/16/2003	61 Commerce LLC	61 Commerce SW	1,450,000
12/16/2003	Belford Devel LLC	51-63 Monroe Center	1,500,000
12/16/2003	56-58 MC Assoc	56-58 Monroe Center	445,000
12/16/2003	35 Oakes Assoc	35 Oakes SW	4,650,000
01/20/2004	<b>Custer Office Environments</b>	217 Grandville SW	2,500,000
04/20/2004	Benteler Automotive Corp	1350 Steele SW	2,500,000
06/29/2004	DeVries Properties	1430 Monroe NW	5,000,000
06/29/2004	HP3 Alticor	226 & 234 Pearl NW	59,300,000

### Schedule of Projects (Unaudited)

Approval Date	Grantee	Property Address	Investment Amount
06/29/2004 09/21/2004 09/28/2004 09/28/2004 09/28/2004 10/04/2004 11/01/2004	Mid Towne Village LLC Martineau LDHA 2320 Prop LLC, 600 5th St LLC First Shot, LLC 64 Ionia LLC 101 S. Division LLC Kelsey Limited Dividend	College near Michigan 104-134 South Division 601 Fourth St & 600 Fifth St 83 & 85 Monroe Center 64 Ionia Ave SW 101 S. Division Ave 235 S. Division Ave	\$ 30,000,000 11,000,000 11,000,000 1,800,000 2,100,000 3,400,000 3,400,000
01/03/2005 05/11/2005 05/11/2005 05/15/2005 06/15/2005 09/20/2005 09/20/2005 11/08/2005 12/20/2005	Parkland Investments Inc Michigan Street Development LLC 1234 Michigan LLC Fairmount Square Investors LLC 2 East Fulton LLC Uptown Village L.D.H.A. L.P.  Icon on Bond II LLC Division Properties Mngmt. LLC 33 Library LLC / Fitzgerald Inv Irish Twins LLC	615 Turner & 433 3rd St NW 21 Michigan Street NE 1234 Michigan Street NE 920 Cherry Street SE 2 East Fulton 946-950 Wealthy, 415 Diamond 947-959 Sigsbee St SE 538 & 601 Bond Ave 2850 Division Ave 33 Library 801-803 Ionia	10,000,000 120,000,000 7,200,000 10,000,000 4,600,000 5,500,000 60,000,000 11,200,000 13,835,000 9,700,000
01/24/2006 01/24/2006 03/07/2006 03/07/2006 03/07/2006 03/21/2006 07/11/2006 09/26/2006 10/31/2006 12/05/2006	Tall House at 45 Ionia, LLC Fulton and Division, LLC Two West Fulton, LLC Grandville Apartments (Moch International LLC) Verne Barry Place Bicycle Factory LLC Tallgrass Properties LLC 7th Street Properties LLC (Aslan) BSG group, LLC (Eastern Floral) Raider Development, LLC & Hopson Flats, LLC	45 Ionia 48 Williams (aka 240 Ionia) 2 West Fulton St 235 Grandville, 248 Williams  44 1/2 S. Division Ave 514 Butterworth NW 1212 Burton St & 2020 Newark 600 7 <sup>th</sup> Street 818 Butterworth SW 202-208 Grandville Ave SW & 212-216 Grandville Ave SW	27,000,000 <b>15,000,000</b> 20,000,000 <b>15,562,262</b> 15,100,000 <b>4,000,000</b> <b>3,109,671</b> <b>7,915,275</b> <b>2,200,000</b> 6,050,000
01/23/2007 03/27/2007	Ashley Grand Rapids, LLC (former Steelcase Campus) Infinity Companies, LLC	Eastern Ave between 36 <sup>th</sup> Street & 44 <sup>th</sup> Street 333-351 Commerce Ave SW	162,170,808 3,000,000

### Schedule of Projects (Unaudited)

Approval Date	Grantee	Property Address	Investment Amount
Date	Granice	Troperty Address	Timount
06/05/2007	Founders RE, LLC & Blue Tiger,	248 Williams St SW,	\$ 2,000,000
	LLC	235 Grandville Ave SW,	. , ,
		244 Finney	
06/19/2007	275 Fulton Place, LLC	261 W. Fulton	50,923,684
07/10/2007	Front Street Property, LLC	678 Front & 640-660 Scribner	10,300,000
12/18/2007	Bicycle Factory LLC, Phase II	514 Butterworth NW	2,000,000
01/29/2008	38 Commerce LLC	38 & 54 Commerce SW	13,900,000
01/29/2008	2 East Fulton LLC	2 E Fulton St SE	3,000,000
01/29/2008	Stratus Properties LLC	345 State St SE, 131 Madison	4,500,000
		Ave SE	
02/19/2008	Hotel Holdings Monroe	Monroe NW	37,200,000
02/19/2008	Two West Fulton LLC	1 Division Ave	34,000,000
03/03/2008	<b>Third Coast Development Partners</b>	1697 Michigan St NE	3,444,250
	LLC	-	

#### **NOTE:**

Only the bolded project names above include the creation of a tax increment financing district to reimburse the project developer for eligible activities approved by the Authority and the Michigan Economic Growth Authority (MEGA). Prior to January 1, 2008, all project approvals qualified the project developers to claim a 10% investment tax credit against their State of Michigan Single Business Tax (SBT) liability. Beginning January 1, 2008, Michigan Public Act 36 of 2007, as amended, created the Michigan Business Tax (MBT) as a replacement for the SBT. The Michigan Business Tax Statute now allows qualified project developers to claim from 12.5% to 20% investment tax credits against their MBT liabilities. Included in those above, three projects received MBT tax credits for 20%.